



UNITED STATES GENERAL ACCOUNTING OFFICE  
WASHINGTON, D C. 20548

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PROCUREMENT LOGISTICS,  
AND READINESS DIVISION

B-209426

JANUARY 27, 1983

The Honorable John O. Marsh, Jr.  
The Secretary of the Army



120442

Dear Mr. Secretary:

Subject: Survey of the Potential for Better  
Use of Army Equipment for Training  
(GAO/PLRD-83-30)

We have completed a survey to assess the potential for better use of Army equipment for training. Our principal objectives were to determine if opportunities existed for greater sharing of equipment among and between the Active and Reserve components, whether the total amount of equipment needed for training could be reduced, and whether the equipment thus freed could be stored and maintained in a higher readiness state.

We did our work at Headquarters, Department of the Army, Washington, D.C; Headquarters, U.S. Army Forces Command, Fort McPherson, Georgia; and various Active, Reserve, and Guard commands and units located within both First and Fifth U.S. Army boundaries. We made this review in accordance with generally accepted government audit standards.

Our survey work did not indicate that Army components had more equipment than they needed for training. However, we believe that through increased equipment sharing, the equipment available for training purposes can be used more efficiently.

Existing Army policies and incentives are designed to encourage unit commanders to make their equipment available to others who need it, and the Army has implemented programs which increase equipment sharing and improve training efficiency. For example, we found that equipment is routinely shared by units assigned to Army Reserve Equipment Concentration Sites and Army National Guard Mobilization and Training Equipment Sites and that there is an ongoing Army program to place many of these equipment sites closer to units' mobilization and training sites.

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However, we found some practices which, contrary to Army policy, may actually be constraining equipment sharing. First, discussions with Army officials indicated a general reluctance to share equipment, despite the obvious efficiency and economy to the Army. Second, Army Reserve Equipment Concentration Sites and Army National Guard Mobilization and Training Equipment Sites tended to confine equipment loans only to units in their respective components, rather than across component lines. And third, the components were inconsistent in the use and amounts of fees charged for loaning equipment. Active Army, Army Reserve, and Army Guard units in some States were charging simple equipment maintenance fees for loaned equipment, but Guard units in some other States were charging add-on issue/turn-in fees--a form of surcharge for the use of the equipment. We believe consistent application of loan fees among all the Army's components would facilitate additional equipment sharing.

In the draft report provided to Defense and Army for their comments, we proposed that you establish a single Army policy, applicable to all the components, on the types of equipment loan fees lending organizations can charge borrowing parties. Commenting on the draft report, agency officials generally agreed with our findings, and we have included their comments, as appropriate, in the enclosure. However, they disagreed with our proposal as written on the basis that the Army has recently issued a revised policy on equipment sharing practices and procedures for all components. The policy is outlined in Army Regulation 11-22, Mutual Support and Equipment Sharing Program, dated September 15, 1982. According to agency officials, the regulation states that equipment custodians will not charge loan fees for borrowing equipment.

We learned, however, that the loan fee restriction does not apply to equipment issue and turn-in expenses charged by the Army National Guard. Army officials stated that costs for issue and turn-in inspections are an organizational maintenance cost, the reimbursement of which is necessary to pay civilian wage grade technicians who conduct the maintenance in Guard units. We are encouraged by the recent clarification in policy but continue to be concerned that the amount and extent of these costs may have a negative effect on the Army's overall goal of enhanced mutual support. We suggest that the Army closely monitor the extent to which assets of the Guard are being loaned and be alert for any adverse effects on equipment sharing as a consequence of the fees being charged to cover equipment issue and turn-in expenses.

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We are sending copies of this report to the Chairmen, Senate and House Committees on Appropriations and on Armed Services, House Committee on Government Operations, and Senate Committee on Governmental Affairs and the Secretary of Defense.

Sincerely yours,

A handwritten signature in cursive script that reads "Donald J. Horan".

Donald J. Horan  
Director

Enclosure

OBSERVATIONS FROM THE SURVEY OF POTENTIAL  
FOR BETTER USE OF ARMY EQUIPMENT FOR TRAINING

The Army's National Training Center at Fort Irwin, California, was established in 1981 to provide units the opportunity to participate in large scale maneuvers and other types of operations that they could not conduct at their home stations. The Center also provides units the opportunity to train in a realistic environment against "Red" forces, schooled in Soviet tactics. In the interest of economy and efficiency, training equipment has been prepositioned at the Center for visiting units' use. This equipment is maintained and stored at the Center and is used by visiting units.

For years U.S. Army/Europe (USAREUR) units training at Grafenwoehr, West Germany, have transported their own equipment by road or rail to the training center, conducted their training, and returned with their equipment to their home stations. USAREUR officials are now however, attempting to place tanks and support equipment at Grafenwoehr for visiting units to use in order to reduce training costs and wear and tear on the units' assigned stocks.

For several years the Army has been working on a Mobilization Equipment Stationing Program, which essentially places more equipment not required at units' home stations in Army Reserve Equipment Concentration Sites (ECSs) and positions the sites nearer the units' respective mobilization stations. The ECSs have been evolving in their roles as storage sites for equipment that cannot be efficiently stored or maintained at units' home stations and equipment suppliers to units to facilitate their training. Locating ECSs at or near units' mobilization stations should improve the using units' mobilization readiness. The program will also free units of some equipment storage and maintenance responsibilities, allowing more time for training and reducing the need to transport the equipment to the mobilization stations for training.

These programs are examples of noteworthy Army efforts to promote more cost-effective operations and improve unit training. Such programs are also consistent with the Army's policy of improving Total Force capability by sharing experiences and facilities and developing common understanding among all Army components.

Army officials, commenting on a draft of this report, noted that many positive steps have been taken to improve cross-utilization of equipment, but agreed that more can be done to make better use of available training resources. They said that efforts along these lines are continuing, and cited annual planning conferences among Army components and other services to insure maximum use of equipment and airlift support as an example of such efforts.

Meanwhile, we believe there are additional opportunities for increasing equipment sharing, and thus improving training, among the Army components.

ACTIVE ARMY, ARMY RESERVE, AND ARMY NATIONAL  
GUARD COULD SHARE MORE EQUIPMENT FOR TRAINING

U.S. Forces Command (FORSCOM) Regulation 350-1 states:

"In addition to training themselves, AC (Active Component) units will often have the opportunity to assist Reserve Component (RC) units. Some of this support will be directed by HQ FORSCOM under one of the formal RC assistance programs. But commanders should be aggressive in seeking out additional opportunities for mutual support. Our task is to have the Total Army as ready as it can possibly be on "M-day."

Regarding Mutual Support Programs, Army Regulation 11-22 states:

"Active Army, Army National Guard, and U.S. Army Reserve commanders will seek each other out and make known what facilities, equipment, and assistance can be made available in mutual support. They will initiate programs to expand those activities which support the development of increased unit readiness or effectiveness."

FORSCOM's implementation of Regulation 350-2 states:

"Installations will provide equipment support from on-hand resources, including OMAR (Operation and Maintenance, Army Reserve) training support property book accounts, station stocks, and AC unit assets."

The FORSCOM Commander stated in an April 1979 message that the lack of cooperation among Army components had come to his attention and that such short sightedness was disruptive to the production of a well-balanced force of Active, Guard, and Reserve units capable of responding to any contingency. He further stated that the need to loan and borrow equipment was on the increase and would be commonplace for the foreseeable future and that it was imperative for all parties involved with equipment loans to work positively and professionally to obtain appropriate equipment items to support necessary training activities.

Comments by officials of all three Army components, samples of which appear below, tend to substantiate the FORSCOM Commander's statement.

- An 81st U.S. Army Reserve Command (ARCOM) Official stated that, in most instances, active components would not loan equipment to Reserve units.
- A 24th Infantry Division official stated that the division's role as a Rapid Deployment Force (RDF) unit precludes it from providing organizational assets to requestors located away from Fort Stewart.
- We were told the 120th U.S. Army Reserve Command periodically refuses to provide vehicle support to the 4th Combat Support Training Brigade, an Active Army unit at Fort Jackson, South Carolina, requiring that Fort Jackson coordinate with the Directorate of Industrial Operations for proper justification prior to considering the loan of Reserve equipment to the Brigade.
- An XVIII Airborne Corps official cited an instance where the 82nd Airborne Division, rather than transport its own stocks from the east to the west coast, requested equipment support from 7th and 9th Divisions for a Fort Irwin training exercise that the 82nd was tasked to participate in. Corps officials stated that the commanders of the 7th and 9th Divisions were extremely reluctant to loan their equipment to the 82nd so that the Division could meet its training obligations.
- We were told that the North Carolina, Georgia, and South Carolina Army Guard units, designated as "roundout" to Active units, did not even consider the availability of some accessible Active units' equipment in administrative storage before requesting equipment from their MATESS and other Guard units;
- In January, 1982 the 3rd Armored Cavalry Regiment at Fort Bliss, Texas attempted (unsuccessfully) to charge the Texas Army Guard an estimated \$149,000--over and above repair and maintenance costs--for the loan of equipment for a Guard unit's annual training exercise.

These examples indicate to us a general reluctance among the components to loan equipment to other units. Army officials agreed. However, they stated that the FORSCOM message cited above is evidence that the Army recognizes the need for sharing available equipment and that it is taking actions at the highest levels to make its policies work. They noted, also, that there are certain mission requirements that inhibit mass sharing of equipment and that each unit commander must make loan decisions based on his unit's mission and capabilities. We agree that unit commanders should place their unit's readiness above equipment loans, but they should be as flexible as possible, within these bounds, in loaning equipment to others with bona fide equipment needs.

INCONSISTENCIES IN FEES CHARGED FOR  
LOANED EQUIPMENT MAY DISCOURAGE EQUIPMENT SHARING

Army policy, as noted earlier, promotes the sharing of equipment for training purposes among Army components. We believe that minimum borrowing costs (consistent with the need for proper care and maintenance of the equipment by the borrowing unit) and uniform equipment loan fees among all the Army components would encourage greater equipment sharing.

During this survey though, we found that most State Guard organizations are following a different practice than Active Army and Army Reserve units by charging add on loan fees to units borrowing equipment. Even within the Guard, MATESS organizations may or may not require additional charges.

Use of issue/turn-in fees  
by the Army National Guard

In April 1981 the Director, Army National Guard proposed an equipment loan/reimbursement policy to ensure that all units training on MATESS equipment owned by the Guard pay a fair share of the expenses involved in the MATESS operation. The policy guidance, sent to the Adjutant General of each State, stated that increased use of Guard equipment prepositioned at MATESS by units not contributing to the MATESS support was one "of the "most serious readiness problems" facing the Guard. The policy guidance also claimed that use of equipment by noncontributing units was causing an adverse resource drain at several MATESSs.

The policy guidance provided that a standard labor rate for the actual time required to accomplish all equipment repairs or services on loaned equipment be included in all future loan agreements. In addition, the Guard suggested that MATESS should be authorized to collect a pro-rata reimbursement for the use of gun tubes (cost per round fired) and for the replacement of worn out

combat vehicle track (cost per mile operated), both commonly referred to as "user" charges.

FORSCOM agreed with the basic intent to standardize equipment loan/reimbursement procedures for costs associated with repair or replacement of loaned equipment. But FORSCOM did not support the proposal that Army Reserve and Active Army units that borrow equipment from MATESS should reimburse the Guard a user fee. FORSCOM reasoned that implementation of such a user fee policy would require a corresponding charge to the Guard by the Reserve and Active units whenever they loaned equipment to Guard units, and would require establishment of additional accounting procedures as well as increase the administrative workload.

In March 1982 the National Guard Bureau issued an interim change to its existing policy on the loan and use of equipment belonging to National Guard units. The change to National Guard Regulation 735-12 specifies that the labor required to inspect equipment during issue and turn-in will be charged at that standard labor rate using an average time required for issue and turn-in published by the National Guard.

The average times were developed based on results of a survey conducted at seven Guard MATESS. For example, the average time required for issue and turn-in inspections on an M60 tank is set at 14 hours and the standard labor rate is \$17.53 per hour. So, borrowers must pay a minimum of \$245 for each tank borrowed in addition to any maintenance or parts costs. Other inspection cost examples are \$226 for a self-propelled howitzer, \$205 for an M88 recovery vehicle, and \$251 for an M728 combat engineer vehicle. The limited time and scope of our review did not permit us to evaluate the reasonableness of these rates.

National Guard organizations in some States have actually been charging issue and receipt fees for several years as a device to help spread the long-term cost for maintaining major end items to borrowing, as opposed to using, units. However, there is some inconsistency in the application of issue/turn-in fees among State Guard organizations. For example, MATESS in Georgia and Texas do not collect issue and turn-in fees as a matter of policy. The Adjutant General of Texas told us that while he is not in favor of the new Guard policy on the fees, he intends to comply with it.

Unlike the Guard, Active Army and Army Reserve units do not charge issue/turn-in fees. For example, Army Reserve ECSS in the First U.S. Army area do not charge issue/turn-in fees to Guard units, even though they loan more equipment to Guard units than the Reserves borrow from the Guard. Active Army

officials at the various installations we visited also stated that they do not charge issue/turn-in fees.

FORSCOM recommended in April 1981 that Active and Reserve components not charge borrowing units labor costs associated with issue and return of equipment. FORSCOM, however, did not rule out such reimbursements completely, suggesting that if the charges were made, they be standardized and accomplished by negotiation of support agreements with emphasis on mutual support and the "One Army Concept."

We believe inconsistencies in loan fees charged by the Guard and the other components for borrowed equipment inhibits the free flow of equipment for training. In addition, we believe FORSCOM's position is sound. Moreover, we believe a single policy for all the components would facilitate the flow of borrowed equipment.

Army and National Guard officials, commenting on a draft of this report, told us that the Army's new regulation governing the Army's Mutual Support and Equipment Sharing Program (AR 11-22, dated September 15, 1982) provides a single Army policy on equipment sharing. It states that there will be no use charge to units borrowing equipment. It further states that borrowing units will reimburse using units for normal maintenance and repair parts (except for fair wear and tear). The regulation provides, however, that when Army National Guard equipment is to be loaned to other Department of Defense agencies, National Guard Regulations 735-12 and 750-2 apply.

National Guard Regulation 735-12 and an interim change to it (no. 101) point out that the borrower will be responsible for "the cost of labor required to inspect for issue and receipt for equipment, using the average time required for issue and turn-in at the standard labor rate published by the Guard Bureau." Agency officials pointed out that receipts from these charges are used to pay MATESs maintenance technicians' salaries.

Although the Guard, consistent with the revised regulation, charges issue and turn-in fees as a part of normal maintenance, we still continue to be concerned that the amount and extent of these costs may have a negative effect on the Army's overall goal of enhanced mutual support.